

BUSINESS

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—Star Photographer Francis Routh

This car model, examined by Mrs. Barbara Dibiasi, a receptionist at Fairchild-Hiller's annual meeting, is the basis for a design of a future "safety car" that would be capable of being driven into a brick wall at 50 miles per hour with no injury to passengers. In the background is a Fokker F-28 corporation executive jet that Fairchild is distributing in the U. S. for the Dutch company. The \$3.5-million airplane can carry 30 persons, and fly at 500 m.p.h. and has a range of about 2,500 miles.

Fairchild-Hiller Files Protest On NASA Contract With GE

BY LYLE E. HARRIS
Star Staff Writer

Fairchild-Hiller Corp. says it is protesting a \$50 million contract awarded to General Electric Co. that will give GE a decided advantage in the expanding commercial satellite field.

Fairchild-Hiller President Edward Uhl told stockholders at the annual meeting here yesterday the company has filed a protest of GE's award with the National Aeronautics and Space Administration, which selected GE on April 8, and with the U.S. comptroller general and President Nixon.

Uhl indicated the loss of the award was a setback to the military space oriented company. The contract calls for designing and building experimental commercial spacecraft in 1973 that would be much more powerful than those of the current International Telecommunications Satellite Consortium series. Holder of the \$50 million contract would gain a decided edge in future satellite production.

Four Points Cited

John F. Dealy, Fairchild general counsel, said the company is protesting on these four points:

1. GE submitted its proposal six days after the deadline and made technical changes contrary to NASA regulations.
2. GE's cost savings are not genuine savings to the government.
3. NASA's selection procedure on contracts is not adequate.
4. Fairchild-Hiller was not given a fair and proper evaluation of its technical innovations for the spacecraft.

Uhl said that GE and Fairchild were given \$5 million each in late 1968 to pursue proposals for the commercial satellites. He said that several other companies had earlier planned to submit proposals on the spacecraft, but only GE and Fairchild entered final bids. Lockheed Corp., a subcontractor with GE for the spacecraft, is one of the prime builders of commercial satellites.

Dealy said granting of the actual contract would not be made until late summer. Uhl told the shareholders that the company had net earnings of \$1,650,000 or 36 cents per share against \$1,719,000 or 33 cents per share

GENERAL ELECTRIC EXPECTS PROFITS TO SHOW GAINS

MINNEAPOLIS (UPI) — Profits of General Electric Co., are continuing to show improvement following large strike losses earlier this year, Fred J. Borch, president, told stockholders at the annual meeting yesterday.

GE recently reported a new loss of \$42,600,000 because of the strike, but the company also said March was a profitable month.

Picketers representing war protest and ecology groups on Minneapolis college campuses, were on hand but did not interfere with arriving shareholders. However, considerable time was taken up by about a half dozen dissident stockholders representing anti-war and environmental groups.

Borch declined to be more specific about the rate of improvement in profits or to estimate second quarter results.

ny had an extraordinary item of tax benefit of \$908,000 or 23 cents a share in the quarter a year ago.

Uhl said sales for the three months ending March 29 were \$67,445,000 against \$59,266,000 in 1969. He predicted that the company would earn \$1.75 a share on \$300 million in sales in 1970 against \$2.88 a share for 1969.

Sees Bitter Year

Uhl described 1969 as a "good year" and said 1970 would be a better year and 1971 a better year yet.

He said the company's decline in stock price last year resulted

from congressional action against the "military industrial complex" and added that the investor has lost confidence in these companies at the moment. While he said there was ground for criticism of waste and reckless military spending, he noted that Russians have been building up their submarine and aircraft warfare.

"We have been putting our money in Vietnam," he said, "but the Russians have been putting theirs in weapons."

Uhl predicted that the major emphasis in aircraft building for many years would be in supersonic transports. Fairchild-Hiller builds the tail section and part of the fuselage of the American SST for Boeing Co. He said there would be "20 years of business" in this project alone.

Coleman Raphael, vice president, said the company is also developing various products, including medical devices, a system to remove fog from airports, a home sewage waste disposal unit and has developed a model of a prototype safety car that can be driven into a brick wall at 50 miles per hour with no injuries to the occupants.

He said the company hopes to win a \$5 million contract from the Department of Transportation for further work on the "safety automobile." He predicted that features of the car would be incorporated in standard American cars within three years.

Gilbert Proposals Lose

In other business at the meeting, Lewis D. Gilbert, holder of shares in many companies who attends annual meetings around the country, defended two proposals listed on the proxy statement.

The first would give limited pre-emptive right to stockholders and the other would limit stock option provisions to company officers. Gilbert, who introduced the same proposals last year and lost, was defeated again this year but secured 14.9 percent of the vote for his two provisions.

He said he would reintroduce the proposals for next year's meeting.

He rated Fairchild-Hiller on his "honor roll" for conduct of annual Report of Stockholder Activities at Corporation Meetings during 1969.

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